

Njuguna Ndung'u: Compilation and harmonization of monetary and financial statistics in the East African Community

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the opening of the workshop on the harmonization of monetary and financial statistics in the East African Community, Nairobi, 29 March 2011.

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Mr. B. Rajcoomar, Chief of Financial Institutions Division, IMF;
Mr. Jaroslav Kucera, Senior Economist, IMF;
Mr. Thomas Morrison, EDDI Project Manager, IMF;
Mr. Robert Maate, Senior Statistician EAC Secretariat;
Distinguished Participants;
Ladies and Gentlemen;

I welcome you all to Kenya and to this very important workshop on the compilation and harmonization of monetary and financial statistics in the East African Community (EAC). I thank you all for attending this workshop.

Ladies and Gentlemen,

This workshop is taking place at a critical stage in the integration process of the EAC and monetary and financial statistics play a critical role. This will support the institutions to be formed under the regional integration process. Previous milestones achieved comprise of the establishment of an EAC Customs Union and the launch of the Common Market Protocol. These developments, ***Ladies and Gentlemen,*** underscore the need for a statistical harmonization framework and related capacity building strategies for the region.

The success of the regional integration initiative is anchored on a number of convergence criteria that require information and analysis: In this regard, the computation, concepts, definitions and methods used in compiling the indicators that determine the convergence criteria must be understood, harmonized and consistent across all Partner States. Furthermore, since the EAC regional integration initiative envisages a centralized approach to the policy making process, it has to be anchored on appropriate and adequate indicators and centralized statistical information. Thus the harmonization of monetary and financial statistics, among other statistics, will be critical for policy formulation and implementation within the EAC region.

In fast-tracking the process of statistical harmonization among the Partner States, the EAC Central Bank Governors recently approved the hiring of short-term consultants from among Partner States. I am aware that the consultants have begun work and we believe this workshop has come at the most appropriate time so as to complement their efforts.

Ladies and Gentlemen,

Towards this end, I want to thank the International Monetary Fund (IMF) for the Technical Assistance they continue to provide in the development and harmonization of statistics, in the EAC region. About two years ago, most of our countries concluded the second phase of the General Data Dissemination System (GDDS) project which was aimed at improving the availability and quality of data, in developing countries. This was important in order to conform to international standards. Some of the major achievements of the monetary module of this project include the correct classification of key financial assets and liabilities and sectorization of transactions for the main deposit taking institutions in our financial sectors. The end result was the compilation and filing of standard reports by most of the EAC countries with the IMF Statistics Department.

Again I recall that towards the end of last year, the IMF approached most of our countries to consider joining the Enhanced Data Dissemination Initiative (EDDI). The focus of the EDDI is to consolidate the gains realized under the GDDS while expanding the institutional coverage in statistical compilation to include other deposit taking institutions such as SACCOs and microfinance; and other key financial sector institutions such as pension funds and insurance companies. I am aware that the work plans were prepared during the first EDDI workshop in Kampala and the IMF has identified technical experts for each of our countries. This workshop is therefore part of the greater plan towards the improvement of statistics in the region by the IMF. I wish to sincerely thank the IMF for these initiatives.

It is only appropriate at this juncture to recognize, **Ladies and Gentlemen**, the critical role that the EAC Secretariat has played in providing an elaborate roadmap on how statistical harmonization can be achieved within the EAC region. However, for this to succeed, an appropriate mechanism, in terms of institutional arrangements and legal frameworks, has to be put in place to guard and guide the production of harmonized and quality statistics in the EAC Partner States and more importantly, at the regional level. These statistics will inform policy formulation and implementation in the integration process.

All countries have their own data collection, storage and processing centres. It is a question of how we can pick the important aspects from our own areas for use, standardization and centralization.

Ladies and gentlemen,

In concluding my remarks, I welcome you once again to Kenya and to this workshop. Though the duration of the workshop is short, please find time to visit some of our beautiful sceneries around town and sample what the City of Nairobi has to offer.

It is now my pleasure and humble duty to declare this workshop officially open.

Thank you.